

Village of Sun, Louisiana

**Annual Financial Statements
As of and for the Year Ended June 30, 2018
and Independent Accountant's Review Report**

VILLAGE OF SUN, LOUISIANA

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Honorable Richard Kivett, Mayor
And Members of the Board of Alderman
Village of Sun, Louisiana

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Sun, Louisiana as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

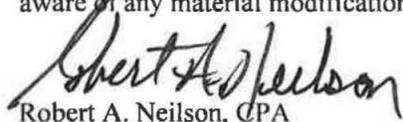
Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Budgetary Comparison Schedule on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. I have not audited or reviewed such required supplementary information, and, accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on it.

The accompanying schedule of compensation, benefits, and other payments to agency head, as required by the Louisiana Legislative Auditor, is presented for additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. It has been subjected to the

inquiry and analytical procedures applied in the review of the basic financial statements, and I did not become aware of any material modifications that should be made to such information.

A handwritten signature in black ink, appearing to read "Robert A. Neilson". The signature is written in a cursive style with a large initial "R".

Robert A. Neilson, CPA
Bogalusa, Louisiana
December 26, 2018

**VILLAGE OF SUN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

As management of the Village of Sun, Louisiana (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village of Sun, Louisiana, for the fiscal year ended June 30, 2018. This management discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Village's finances. It is also intended to provide readers with an analysis of the Village's short-term and long-term activities, based on information presented in the financial report and fiscal policies that have been adopted by the Village. This section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns. As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information (RSI) that is provided in addition to this MD&A.

Financial Highlights- Government Wide

- The Village's assets exceeded its liabilities by \$471,640 and \$386,054 (net position) at June 30, 2018 and 2017 respectively.
- Revenue increased approximately 25%.
- Expenses decreased approximately 16%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The Village's basic financial statements consist of the following components:

- 1) Government-Wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to Financial Statements
- 4) Required Supplemental Information
- 5) Other Supplemental Information

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide readers a concise "entity-wide" statement of net position and statement of activities, seeking to give the user of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private sector business.

- The statement of net position presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets and deferred outflows of resources less liabilities and deferred inflows of resources equals net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

**VILLAGE OF SUN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

- The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event that gives rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes).

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the Village into:

1. Government activities such as police and administrative services that are supported by taxes, grants and franchise fees, and
2. Business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges such as their water, sewer and garbage systems.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a governments' financial position. The Village assets exceeded its liabilities at the close of the most recent fiscal year by \$471,640 (net position). The Village's net position is comprised of \$394,938 from governmental activities and \$76,702 from business-type activities as shown on page 9.

The largest portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles, infrastructure, etc.) less any related debt that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Village has no debt in regards to these assets as of June 30, 2018. An additional portion of the Village's net position presents resources that are subject to restrictions on how they may be used and are classified as such. The remaining balance consists of resources that are unrestricted. At the end of the current fiscal year, the Village is able to report positive balances in net position for its governmental activities as well as its business-type activity fund.

Governmental Activities

The governmental activities of the Village include general government, public safety, and public works. Sales taxes, franchise taxes, occupational licenses and permits, fines and other revenues fund most of these governmental activities.

Business-Type Activities

The business-type activities of the Village are those that the Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's water department is reported here.

**VILLAGE OF SUN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

A condensed summary of the statement of net position is presented in the following table for these activities:

	Governmental Activities		Business Type Activities		Total Government	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Current & Other Assets	\$ 274,136	\$ 270,572	\$ 111,785	\$ 71,738	\$ 385,921	\$ 342,310
Capital Assets, net	126,506	134,836	27,816	31,790	154,322	166,626
Total Assets	\$ 400,642	\$ 405,408	\$ 139,601	\$ 103,528	\$ 540,243	\$ 508,936
Total liabilities	\$ 5,704	\$ 60,358	\$ 62,899	\$ 62,523	\$ 68,603	\$ 122,881
Net Position:						
Net Investment in						
Capital Assets	126,506	134,836	27,816	31,790	154,322	166,626
Restricted	194,444	190,530			194,444	190,530
Unrestricted	73,988	19,684	48,886	9,214	122,874	28,898
Net Position	\$ 394,938	\$ 345,050	\$ 76,702	\$ 41,004	\$ 471,640	\$ 386,054

Receivables are 11% of total assets at June 30, 2018 and 2017, respectively. Capital assets, net of accumulated depreciation, are approximately 29% and 33% of total assets at June 30, 2018 and 2017, respectively. Capital assets are non-liquid assets and cannot be utilized to satisfy the Village's obligations.

Approximately 41% and 49% of the Village's net position is restricted at June 30, 2018 and 2017, respectively. The government's net position increased \$85,586 and decreased \$12,569 in the years ended June 30, 2018 and 2017, respectively.

General revenues are those available for the Village to use to pay for the governmental activities described above. Program revenues are those available for the Village to use to pay for specific program expenses. In the following table, we show the general government expenses, which include salaries, building costs, alderman fees, depreciation, and other general administration costs. Public safety expenses encompass the police department. The following table on the next page shows a summary of the Village's statement of activities:

**VILLAGE OF SUN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total Primary Gov't</u>	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017
General Revenues						
Taxes	\$ 57,619	\$ 62,552	\$ -	\$ -	\$ 57,619	\$ 62,552
Fines and forfeitures	51,992	29,103			51,992	29,103
Franchise fees	17,987	17,175			17,987	17,175
Licenses	10,536	9,500			10,536	9,500
Skating rink revenue	13,420	12,914			13,420	12,914
Mowing contract revenue	10,650	7,100			10,650	7,100
Video bingo revenue	11,637	23,182			11,637	23,182
Investment earnings	404	354	68	56	472	410
Other general revenues	55,023	8,096		-	55,023	8,096
Total general revenues	\$ 229,268	\$ 169,976	\$ 68	\$ 56	\$ 229,336	\$ 170,032
Program Revenues						
Capital grants and contributions		10,239	19,375		19,375	10,239
Charges for services			48,511	58,327	48,511	58,327
Total program revenues	-	10,239	67,886	58,327	67,886	68,566
Total Revenues	\$ 229,268	\$ 180,215	\$ 67,954	\$ 58,383	\$ 297,222	\$ 238,598
Program Expenses						
General government	\$ 153,304	\$ 149,917	\$ -	\$ -	\$ 153,304	\$ 149,917
Public safety	26,076	7,361			26,076	7,361
Waterworks			32,256	93,889	32,256	93,889
Total program expenses	\$ 179,380	\$ 157,278	\$ 32,256	\$ 93,889	\$ 211,636	\$ 251,167
Change in Net Position	\$ 49,888	\$ 22,937	\$ 35,698	\$ (35,506)	\$ 85,586	\$ (12,569)
Net Position - Beginning of Year	345,050	322,113	41,004	76,510	386,054	398,623
Net Position - End of year	\$ 394,938	\$ 345,050	\$ 76,702	\$ 41,004	\$ 471,640	\$ 386,054

**VILLAGE OF SUN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

- A. Governmental funds are used to account for most of the Village's basic services reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison: between governmental funds and governmental activities. These reconciling statements are located on pages 12 and 14.

The Village maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and special revenue funds, which are considered to be major revenue funds.

The basic governmental fund financial statements can be found on pages 11 and 13 of the report.

Financial Analysis of the Government Funds

As of the end of the current year, the Village's governmental funds reported combined ending fund balances of \$231,319. The net increase in fund balance during the current year in the governmental funds was \$58,219.

- B. Proprietary funds - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water/garbage department. Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the water/garbage department, which is considered to be a major fund of the Village. The basic proprietary fund financial statements can be found on pages 15 through 17 of this report.

**VILLAGE OF SUN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 27 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget was prepared in accordance with the provisions of the Local Government Budget Act. The following are significant variations between the budget and actual amounts.

1. Actual revenues and other financing sources were higher than budgeted total revenues and other financing sources by \$16,468 or 8%.
2. Total actual expenditures were less than total budgeted expenditures by \$29,671 or 15%.

CAPITAL ASSETS

The following summarizes the Village's investment in capital assets at June 30, 2018 and 2017.

	<u>6/30/2018</u>	<u>6/30/2017</u>
Capital Assets	\$747,970	\$744,671
Less accumulated depreciation	<u>593,648</u>	<u>578,044</u>
Capital Assets, net	<u>\$154,322</u>	<u>\$166,627</u>

The Village purchased \$3,299 of capital assets from July 1, 2017 to June 30, 2018.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Richard Kivett, Mayor, P.O. Box 818, Sun, Louisiana 70463.

VILLAGE OF SUN, LOUISIANA
STATEMENT OF NET POSITION
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 159,588	\$ 82,646	\$ 242,234
Investments	18,444	-	18,444
Receivables (net of allowances for uncollectibles)	33,205	29,139	62,344
Due from other funds	62,899	-	62,899
Land	9,980	-	9,980
Buildings, improvements, and equipment (net)	116,526	-	116,526
Utility plant and equipment (net)	-	27,816	27,816
TOTAL ASSETS	<u>\$ 400,642</u>	<u>\$ 139,601</u>	<u>\$ 540,243</u>
LIABILITIES			
Due to other funds	\$ -	\$ 62,899	\$ 62,899
Payroll Tax Liabilities	5,704	-	5,704
TOTAL LIABILITIES	<u>\$ 5,704</u>	<u>\$ 62,899</u>	<u>\$ 68,603</u>
NET POSITION			
Net investment in capital assets	\$ 126,506	\$ 27,816	\$ 154,322
Restricted for:			
Public improvements	169,481	-	169,481
Waterworks maintenance	24,963	-	24,963
Unrestricted	73,988	48,886	122,874
TOTAL NET POSITION	<u>\$ 394,938</u>	<u>\$ 76,702</u>	<u>\$ 471,640</u>

VILLAGE OF SUN, LOUISIANA
STATEMENT OF ACTIVITIES
June 30, 2018

	<u>Program Revenues</u>				<u>Net (Expenses)/Revenues and Changes in Net Position</u>		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 153,304	\$ -	\$ -	\$ -	\$ (153,304)	\$ -	\$ (153,304)
Public Safety	26,076	-	-	-	(26,076)	-	(26,076)
Total governmental activities	\$ 179,380	\$ -	\$ -	\$ -	\$ (179,380)	\$ -	\$ (179,380)
BUSINESS -TYPE ACTIVITIES							
Waterworks	\$ 32,256	\$ 48,511	\$ -	\$ 19,375	\$ -	\$ 35,630	\$ 35,630
Total business-type activities	\$ 32,256	\$ 48,511	\$ -	\$ 19,375	\$ -	\$ 35,630	\$ 35,630
TOTAL PRIMARY GOVERNMENT	\$ 211,636	\$ 48,511	\$ -	\$ 19,375	\$ (179,380)	\$ 35,630	\$ (143,750)

GENERAL REVENUES

Taxes	\$ 57,619	\$ -	\$ 57,619
Fines and forfeitures	51,992	-	51,992
Franchise fees	17,987	-	17,987
Licenses	10,536	-	10,536
Skating rink revenue	13,420	-	13,420
Mowing contract revenue	10,650	-	10,650
Video bingo revenue	11,637	-	11,637
Investment earnings	404	68	472
Other general revenues	55,023	-	55,023
TOTAL GENERAL REVENUES	\$ 229,268	\$ 68	\$ 229,336
CHANGE IN NET POSITION	\$ 49,888	\$ 35,698	\$ 85,586
NET POSITION-Beginning of year	345,050	41,004	386,054
NET POSITION-End of year	\$ 394,938	\$ 76,702	\$ 471,640

See accompanying independent accountant's review report and notes to financial statements.

VILLAGE OF SUN, LOUISIANA
BALANCE SHEET
June 30, 2018

	General Fund	Special Revenue Funds		Total Governmental Funds
		Sales and Use Tax	Special Sales Tax	
ASSETS				
Cash and cash equivalents	\$ 48,642	\$ 96,032	\$ 14,914	\$ 159,588
Investments	-	-	18,444	18,444
Receivables	26,105	7,100	-	33,205
Due From Other Funds	-	66,349	-	66,349
TOTAL ASSETS	\$ 74,747	\$ 169,481	\$ 33,358	\$ 277,586
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due To Other Funds	\$ 32,168	\$ -	\$ 8,395	\$ 40,563
Payroll Tax Liabilities	5,704	-	-	5,704
TOTAL LIABILITIES	\$ 37,872	\$ -	\$ 8,395	\$ 46,267
FUND BALANCES				
Restricted for public improvements	\$ -	\$ 169,481	\$ -	\$ 169,481
Restricted for water system operations and maintenance	-	-	24,963	24,963
Unassigned	36,875	-	-	36,875
TOTAL FUND BALANCES	\$ 36,875	\$ 169,481	\$ 24,963	\$ 231,319
TOTAL LIABILITIES AND FUND BALANCES	\$ 74,747	\$ 169,481	\$ 33,358	\$ 277,586

VILLAGE OF SUN, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances, total governmental funds	\$231,319
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	126,506
Interfund Transfers	<u>37,113</u>
Net Position of governmental activities	<u>\$394,938</u>

VILLAGE OF SUN, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR YEAR ENDED June 30, 2018

	General Fund	Sales and Use Tax	Special Sales Tax	Total Governmental Funds
REVENUES				
Taxes	\$ -	\$ 57,619	\$ -	\$ 57,619
Fines and forfeitures	51,992	-	-	51,992
Franchise fees	17,987	-	-	17,987
Licenses	10,536	-	-	10,536
Skating rink revenue	13,420	-	-	13,420
Mowing contract revenue	-	10,650	-	10,650
Video bingo revenue	11,637	-	-	11,637
Interest income	58	78	268	404
Other revenues	55,023	-	-	55,023
TOTAL REVENUES	\$ 160,653	\$ 68,347	\$ 268	\$ 229,268
EXPENDITURES				
General government	\$ 93,249	\$ 48,425	\$ -	\$ 141,674
Public safety	9,800	16,276	-	26,076
Capital outlay	3,299	-	-	3,299
TOTAL EXPENDITURES	\$ 106,348	\$ 64,701	\$ -	\$ 171,049
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 54,305	\$ 3,646	\$ 268	\$ 58,219
NET CHANGE IN FUND BALANCES	\$ 54,305	\$ 3,646	\$ 268	\$ 58,219
FUND BALANCES - Beginning of year	(17,430)	165,835	24,695	173,100
FUND BALANCES - End of year	\$ 36,875	\$ 169,481	\$ 24,963	\$ 231,319

VILLAGE OF SUN, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
June 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances, total governmental funds	\$58,219
Capital Outlay	3,299
Depreciation Expense	<u>(11,630)</u>
Change in Net Position of governmental activities	<u><u>\$49,888</u></u>

VILLAGE OF SUN, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND – WATERWORKS SYSTEM ENTERPRISE FUND
June 30, 2018

ASSETS	
Cash and cash equivalents	\$ 82,646
Receivables (net)	29,139
Utility plant and equipment	293,392
Accumulated depreciation	<u>(265,576)</u>
TOTAL ASSETS	<u><u>\$ 139,601</u></u>
LIABILITIES	
Due to other funds	<u>\$ 62,899</u>
TOTAL LIABILITIES	<u>\$ 62,899</u>
NET POSITION	
Invested in fixed assets, net of related debt	\$ 27,816
Unrestricted	<u>48,886</u>
TOTAL NET POSITION	<u><u>76,702</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 139,601</u></u>

VILLAGE OF SUN, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND – WATERWORKS SYSTEM ENTERPRISE FUND
FOR THE YEAR ENDED June 30, 2018

OPERATING REVENUES	
Capital Grants	\$ 19,375
Water and service charges	48,511
	48,511
TOTAL OPERATING REVENUES	\$ 67,886
OPERATING EXPENSES	
Billing and collecting expenses	\$ 1,926
Water operations and maintenance	9,985
Insurance	2,464
Utilities and telephone	2,439
Wages	10,841
Depreciation	3,974
Other Operating Expenses	627
	627
TOTAL OPERATING EXPENSES	\$ 32,256
OPERATING INCOME	\$ 35,630
NONOPERATING REVENUE	
Interest Income	68
	68
TOTAL NONOPERATING REVENUE	68
CHANGE IN NET POSITION	\$ 35,698
NET POSITION - Beginning of year	41,004
NET POSITION - End of year	\$ 76,702

**VILLAGE OF SUN, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND – WATERWORKS SYSTEM ENTERPRISE FUND
FOR THE YEAR ENDED June 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net position	\$ 35,698
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	3,974
Changes in operating assets and liabilities:	
Increase in Accounts Receivable	(15,385)
Decrease in Accounts Payable	(3,467)
Interfund Transfers In	3,842
NET CASH PROVIDED BY OPERATING ACTIVITIES	24,662
 INCREASE IN CASH AND CASH EQUIVALENTS	 \$ 24,662
 CASH AND CASH EQUIVALENTS - Beginning of year	 57,984
 CASH AND CASH EQUIVALENTS - End of year	 \$ 82,646

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - The Village of Sun, Louisiana (the Village) was incorporated October 6, 1958 under the provisions of the Lawrason Act, Louisiana Revised Statutes (LSA-R.S.) 33:321-463. The Village operates under a Mayor-Board of Aldermen form of government. The Village provides police protection, maintenance of streets, and waterworks services.

Basis of Presentation – The accompanying financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity – The financial statements of the Village include all funds, account groups, and activities that are within the oversight responsibility of the Village. Certain units of local government, over which the Village exercises no oversight responsibility, such as the St. Tammany Parish Government, St. Tammany Parish School Board, independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the Village.

As the municipal governing authority for reporting purposes, the Village is a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature or significance of their relationship with the primary government are such that exclusion would cause the Village's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Village to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the reporting entity financial statements would be misleading if the organization's data is not included because of the nature or significance of the relationship.

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Government-Wide and Fund Financial Statements – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non fiduciary activities of the Village. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the Village's proprietary fund. Individual governmental funds and the enterprise fund are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, gambling taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

General Fund

The general fund is the principal fund of the Village and accounts for all financial resources, except those required to be accounted for in other funds. General operating expenditures are paid from this fund.

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued) -

Special Revenue Funds

Special revenue funds are used to account for proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The Village has two special revenue funds, described as follows:

Sales and Use Tax Fund

Proceeds of the one percent sales and use tax levied by the Village are dedicated to acquisition, maintenance, and construction of public roads, streets, sidewalks, bridges, recreational facilities, buildings, operating sewerage and water systems, and other permanent public improvements.

Special Sales and Use Tax Fund

Proceeds of the special one percent sales and use tax levied by the Village after paying reasonable and necessary costs and expenses of collecting and administering the tax are dedicated for waterworks additions, improvements, extensions, and operation of the waterworks system.

The Village reports the following proprietary fund:

Proprietary Fund – Enterprise

An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The waterworks system of the Village is funded primarily through user fees collected from approximately three hundred (300) customers of the system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges, if any, would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued) -

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues for the Village's proprietary fund consisted of charges to customers and users of water services. Operating expenses for the Village's proprietary fund included the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents – Cash includes amounts in time deposits and interest-bearing demand deposits.

Louisiana Revised Statutes authorize the Village to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investments Act of 1940, and which have underlying investments consisting solely of, and limited to, securities of the US Government or its agencies. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital outlays are recorded as expenditures in the fund financial statements. In accordance with GASB Codification, the Village is a Phase 3 government, and as such is not required to capitalize its infrastructure retroactively. The Village has decided to record its infrastructure on a prospective basis. The Village has capitalized its waterworks infrastructure. The Village capitalizes interest on construction in its proprietary fund. Capital outlays of the proprietary fund are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the fund financial statements and the government-wide financial statements. All

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Capital Assets (continued) –

capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and improvements	15-40 years
Water and sewer systems	40 years
Furniture and fixtures	7 years
Vehicles	5 years
Equipment	5-20 years

Budget and Budgetary Accounting – Formal budgetary accounting is employed as a management control device during the year for the general fund and special revenue funds. Budgets are adopted for the general fund and special revenue funds on a basis consistent with generally accepted accounting principles (GAAP). All appropriations, which are not expended, lapse at year-end.

In accordance with the Louisiana Local Government Budget Act, the procedures used by the Village in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections, and public hearings. The Board of Aldermen then legally adopts the budget. Budgeted amounts included in the accompanying statements were adopted as amended by the Board of Aldermen as of June 30, 2018.

Compensated Absences – The Village has two full-time employees, but does not follow a formal vacation and sick leave policy. The employees are covered under the Federal Insurance Contribution Act.

Use of Estimates in the Preparation of Financial Statements – The preparation of the Village’s financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities as of June 30, 2018. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used in the 2018 financial statements.

Fund Balances – Beginning with fiscal year 2014, the Village implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance - amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantor, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Fund Balances (continued) –

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority by a vote of the Board of Aldermen; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governmental body delegates the authority such as the Village's management.
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

NOTE B – CASH AND CASH EQUIVALENTS

At June 30, 2018 the Village had cash and cash equivalents (book balances) totaling \$242,235, of which \$48,642 is unrestricted and \$110,946 is restricted.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2018, the Village had \$245,499 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance as of June 30, 2018.

NOTE C – INVESTMENTS

An investment of \$18,444, which is stated at cost and approximates market at June 30, 2018, is invested in the Louisiana Asset Management Pool, Inc. (LAMP). In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE C – INVESTMENTS (continued)

- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is \$1,823,175,486 (from LAMP's monthly Statement of Net Assets) as of June 30, 2018.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

NOTE D – RECEIVABLES

Receivables at June 30, 2018 consisted of the following:

	General Fund	Special Revenue	Proprietary	TOTAL
Taxes & Mowing	\$ 20,146	\$ 7,100	\$ -	\$ 27,246
Grants	5,959		20,925	26,884
Water Service Charges			8,214	8,214
Total Receivables	\$ 26,105	\$ 7,100	\$ 29,139	\$ 62,344

The management of the Village believes that all receivables are collectible.

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE E – CAPITAL ASSETS

The following is a summary of the change in capital assets of the governmental activities for the fiscal year ended June 30, 2018:

Governmental Activities	June 30, 2017	Additions	Deletions	June 30, 2018
Capital Assets not being depreciated:				
Land	\$ 9,980	\$ -	\$ -	\$ 9,980
Capital Assets being depreciated:				
Buildings and improvements	\$ 258,378	\$ -	\$ -	\$ 258,378
Equipment	182,921	3,299	-	186,220
Total capital assets being depreciated	441,299	3,299	-	444,598
Less accumulated depreciation for:				
Buildings and improvements	142,641	9,200	-	151,841
Equipment	173,801	2,430	-	176,231
	<u>316,442</u>	<u>11,630</u>	<u>-</u>	<u>328,072</u>
Total capital assets after depreciation	<u>\$ 134,837</u>	<u>\$ (8,331)</u>	<u>\$ -</u>	<u>\$ 126,506</u>
Proprietary Fund-Waterworks	June 30, 2017	Additions	Deletions	June 30, 2018
Capital Assets being depreciated:				
Buildings and improvements	\$ 216,210	\$ -	\$ -	\$ 216,210
Equipment	77,182	-	-	77,182
Total capital assets being depreciated	293,392	-	-	293,392
Less accumulated depreciation for:				
Buildings and improvements	191,681	1,580	-	193,261
Equipment	69,921	2,394	-	72,315
	<u>261,602</u>	<u>3,974</u>	<u>-</u>	<u>265,576</u>
Total capital assets after depreciation	<u>\$ 31,790</u>	<u>\$ (3,974)</u>	<u>\$ -</u>	<u>\$ 27,816</u>

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE F - LIABILITIES

The payables at June 30, 2018 consisted of accrued payroll liabilities of \$5,704 described in more detail in Note H. These payroll liabilities resided in the general fund.

NOTE G – UTILITY DEPOSITS

Subsidiary records of customer liability utility deposits are not maintained; therefore, the actual liability of customer utility deposits could not be determined or recorded in the financial statements as of June 30, 2018. Refunds of utility deposits are recorded as a reduction to utility income in the period they are refunded. Management believes that utility deposit and subsequent refunds are not material to the financial statements in the current period.

NOTE H – PAYROLL TAX LIABILITIES

The payroll liabilities of \$5,704 reflect the approximate amounts owing as of the fiscal period end date. They consist of \$2,802 which is current, and \$2,902 of old payroll taxes due. In August 2017, the IRS revenue agent assigned to the Village of Sun’s case determined that the penalties and interest of \$42,018 were uncollectible and were therefore abated. The penalties and interest abated represent the large amount in “other revenues” in the financial statements. The Village of Sun signed an addendum to the original offer in compromise effective September 2017 that required 12 more monthly payments of \$1,451.77. As of October 2018, the balance was paid in full.

NOTE I – HURRICANES

In August 2005, the Village was impacted by Hurricane Katrina and, subsequently, in September 2008, the Village was impacted by Hurricane Gustav. The hurricanes caused damage to several buildings and downed numerous trees. As of June 30, 2018, the Village incurred cumulative related expenditures of \$241,803, of which \$0 was incurred for the year June 30, 2018. The Village set up a separate bank account to monitor the funds received from the Federal Emergency Management Agency (FEMA). In 2018, funds of \$21,780 were transferred to the general fund, and the account was closed.

NOTE J - INTER-FUND TRANSACTIONS

Inter-fund balances result from the payment of expenses through different bank accounts. Individual balances due from/to other funds at June 30, 2018 were as follows:

Fund	Inter-fund Receivables	Inter-fund Payables
General Fund		\$32,168
Sales and Use Tax Fund	\$66,349	
Special Sales and Use Tax Fund		8,395
Proprietary Fund	37,113	62,899
TOTAL:	\$103,462	\$103,462

VILLAGE OF SUN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 26, 2018 and two events were worth noting as subsequent events.

Please see NOTE H for details surrounding the penalties and interest abatement from the IRS.

During the wrap up review procedures, an event involving the Village of Sun's former police officer was discovered. On August 15, 2018, information was received by the Village's office regarding misappropriation of funds by the police officer, Jacob Walker. On that same day, the Mayor of the Village of Sun reported the incident to the District Attorney's office. He was instructed not to relieve the officer of his duties until more evidence was collected. The police officer was fired on September 14, 2018. The District Attorney continued the investigation until the former officer was indicted on November 13, 2018 for allegedly pocketing traffic ticket money and failing to submit evidence to the crime lab. According to the investigation, the former police officer is accused of keeping about \$2,500 he collected from citizens at the police station for traffic violations between February 8, 2018 through August 13, 2018 and failing to submit narcotics evidence to the crime lab during a traffic stop on December 18, 2017. At this time, it is unknown if the amount of funds misappropriated has increased through more investigative procedures by the District Attorney.

VILLAGE OF SUN, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
June 30, 2018

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)	% OF VARIANCE
REVENUES					
Taxes	\$ 57,619	\$ 80,000	\$ 80,000	(\$22,381)	-28%
Government grants & contracts	-	9,000	9,000	(\$9,000)	-100%
Fines, Forfeitures, & Fees	51,992	6,000	6,000	\$45,992	767%
Franchise fees	17,987	25,000	25,000	(\$7,013)	-28%
Licenses	10,536	9,100	9,100	\$1,436	16%
Skating Rink Revenue	13,420	23,000	23,000	(\$9,580)	-42%
Mowing Contract Revenue	10,650	7,100	7,100	\$3,550	50%
Video Bingo Revenue	11,637	36,000	36,000	(\$24,363)	-68%
Interest Income	404	200	200	\$204	102%
Other Revenues	55,023	17,400	17,400	\$37,623	216%
Total Revenues	\$ 229,268	\$ 212,800	\$ 212,800	\$16,468	8%
EXPENDITURES					
General Government	\$ 124,992	\$ 179,400	\$ 179,400	\$54,408	30%
Public Safety	26,076	13,000	13,000	(\$13,076)	-101%
Recreation	16,682	8,320	8,320	(\$8,362)	-101%
Capital outlay	3,299	-	-	(\$3,299)	0%
Total Expenditures	171,049	200,720	200,720	\$29,671	15%
Excess (Deficiency) of Revenues over Expenditures	\$ 58,219	\$ 12,080	\$ 12,080	\$46,139	382%
Fund Balances- Beginning of Year	173,100	158,126	158,126	\$14,974	9%
Fund Balances- End of Year	\$ 231,319	\$ 170,206	\$ 170,206	\$61,113	36%

See accompanying independent accountant's review report and notes to the financial statements.

VILLAGE OF SUN, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO ALDERMEN
June 30, 2018

As shown on this schedule, compensation paid to the aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:405(G), the aldermen received \$50 per month the attend board meetings. The Village pays the aldermen an additional \$25 for unscheduled or special meetings.

<u>Alderman</u>	<u>Number of Payments</u>	<u>Amount</u>
Burrell Mullet	13	\$ 600
Joseph Brian Blackwell	13	600
Will Talley	13	<u>600</u>
TOTAL		<u>\$ 1,800</u>

See accompanying independent accountant's review report and notes to financial statements.

VILLAGE OF SUN, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO THE AGENCY HEAD
June 30, 2018

Schedule Required by State Law LSA RS 24:513A(1)(a)(3)

Agency Head Name:

Richard Kivett

<u>Type</u>	<u>Amount</u>
Salary	\$ 18,900
Gas	523
Cell Phone	<u>360</u>
TOTAL	<u><u>\$ 19,783</u></u>

VILLAGE OF SUN, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2018

Section I - Material Weakness Identified During the Review

<u>2018-1</u>	<u>Internal Controls over Financial Reporting – Accurate Recording of Transactions to General Ledger Accounts- Repeat Finding</u>
Criteria	Policies and procedures should be in place to ensure the accurate recording of transactions to the general ledger.
Condition	The Village has no procedures for the proper recording of accounting transactions to the general ledger.
Cause	The general ledger did not completely reflect the accounting transactions of the Village of Sun for the fiscal year ending 2018.
Effect	Management, in the normal course of performing their assigned functions, cannot prevent, detect or correct misstatements on a timely basis thus resulting in numerous year-end adjusting journal entries. Also, because accounting transactions are incomplete and inaccurate, the risk for material misstatement is greatly increased.
Recommendation	Policies and procedures should be implemented and competent accounting staff hired to ensure accounting transactions are complete.
<i>Management's Response and Corrective Action Plan</i>	<i>We now have policies and procedures in place to properly record accounting transactions.</i>
<u>2018-2</u>	<u>Misappropriation of Funds due to Fraud</u>
Criteria	Proper internal controls should be in place to ensure that there are no misappropriation of funds.
Condition	There were no internal controls, such as reconciliations or management oversight, in place to detect the misappropriation of funds by the former police officer of the Village of Sun.
Cause	On August 15, 2018, the District Attorney was notified of possibility of misappropriation of funds by the accused police officer from the Mayor. The police officer was fired on September 14, 2018. The District Attorney continued their investigation until the former police officer was indicted on November 13, 2018.
Effect	The Village of Sun's police officer, Jacob Walker, is accused of keeping approximately \$2,500 he collected from citizens at the police station for traffic violations from February 8, 2018 through August 13, 2018. At this time, it is unknown, as of December 26, 2018, if the amount of funds misappropriated has increased through more investigative procedures by the District Attorney.
Recommendation	The Village of Sun should implement policies and procedures for the reconciliation of traffic tickets and receipts for payments of those violations.
<i>Management's Response and Corrective Action Plan</i>	<i>After the termination of the accused police officer, the Village of Sun has no intention of hiring another officer. However, should another be hired, the Village of Sun will ensure proper procedures are in place to reconcile traffic ticket books and receipts for violation payments.</i>

VILLAGE OF SUN, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2018

Section II - Compliance and Other Matters

2018-3

Segregation of Duties- Repeat Finding

Criteria	Proper segregation of duties should be implemented to prevent and detect misappropriation of assets.
Condition	The two clerks employed by the Village of Sun perform interrelated functions.
Cause	There are no policies and procedures.
Effect	The potential exists for misappropriation of assets occurring and not being prevented or detected.
Recommendation	The duties of the two clerks with the Village of Sun should be divided so they are properly segregated.

*Management's Response and
Corrective Action Plan*

We now have policies and procedures in place to segregate duties of the two clerks as best as economically possible given the resources of the Village.

VILLAGE OF SUN, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2017

Section I - Material Weakness Identified During the Review

<u>2017-1</u>	<u>Internal Controls over Financial Reporting – Accurate and Timely Reconciliation of General Ledger Accounts- Repeat Finding</u>
Observation	Control procedures over timely and accurate general ledger account reconciliations (e.g. cash accounts, accounts receivable, accounts payable, and capital assets) are required in order to reduce the likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis.
Criteria	The Village has no procedures for the timely reconciliation of general ledger accounts and accounting transactions are incomplete and inaccurate.
Condition	The general ledger did not completely reflect the accounting transactions of the Village of Sun for the fiscal year ending 2017.
Effect	Management, in the normal course of performing their assigned functions, cannot prevent, detect or correct misstatements on a timely basis thus resulting in numerous year-end adjusting journal entries. Also, because accounting transactions are incomplete and inaccurate, the risk for material misstatement is greatly increased.
Recommendation	Policies and procedures should be implemented and competent accounting staff hired to ensure that important documents are maintained and accounting transactions are complete.
Management's Response and Corrective Action Plan	We have hired new staff to complete reconciliations within 10 days of receipt of the statements.
Status	PARTIALLY RESOLVED- The Village of Sun has hired new staff that is reconciling monthly. While the general ledger was more accurate, there are still some transactions that are not being captured correctly.

Section II - Compliance and Other Matters

<u>2017-2</u>	<u>Segregation of Duties- Repeat Finding</u>
Observation	Proper segregation of duties should be implemented to prevent and detect misappropriation of assets.
Criteria	The same person often performs multiple related functions for the Village of Sun.
Condition	There are no policies and procedures and lack of personnel.
Effect	The potential exists for misappropriation of assets occurring and not being prevented or detected.
Recommendation	At least two clerks should perform the day to day functions of the Village of Sun so that the duties can be separated and one person isn't performing multiple related functions.
Management's Response and Corrective Action Plan	Due to the Village's size and operating budget, it is not economically feasible to employ sufficient personnel to ensure adequate segregation of duties. Additional significant use of the Board of Aldermen is not an option as their availability is sometimes limited.
Status	PARTIALLY RESOLVED- There are now 2 clerks in the office that perform the day to day functions. However, those functions overlap at times.

**VILLAGE OF SUN, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS**

June 30, 2017

2017-3

Documentation- Public Records

Observation The Village of Sun is required to maintain and preserve any documentation related to the operations of the municipality.

Criteria Many important documents were lost and not maintained during the fiscal year.

Condition The Village of Sun had high employee turnover and had no policies and procedures in place for the retainage of documents which caused the filing system to be neglected, leading to important documents being lost.

Effect Many documents requested by the outside accountant performing the annual review could not be found, resulting in a time delay on the submission of the review report to the Legislative Auditor. See Finding 2017-6.

Recommendation Policies and procedures should be implemented and competent accounting staff hired to ensure that

Management's Response and
Corrective Action Plan We are now maintaining documents in an orderly fashion.

Status **RESOLVED**

2017-4

Noncompliance with R.S. 39:1311- Budget Amendments- Repeat Finding

Observation According to state law, R.S. 39:1311, the budget should be amended when total revenues fail to meet total budgeted revenues by 5% or more.

Criteria The budget was not amended when revenues failed to meet the budgeted revenues by 5% or more during the fiscal year.

Condition During the fiscal year, there was no monitoring of the budget versus actual results of the Village's operations.

Effect There was a violation of the State Budget Act.

Recommendation Management should monitor revenues and expenses more closely throughout the year to amend the budget when needed.

Management's Response and
Corrective Action Plan We will monitor revenues and expenses more closely to amend the budget when necessary.

Status **RESOLVED**

2017-5

Payroll Liability Payments- Repeat Finding

Observation Payroll taxes should be filed and paid according to IRS guidelines.

Criteria Payroll tax payments and forms were not paid or submitted correctly.

Condition High employee turnover and lack of knowledge related to payroll related functions resulted in the filing

**VILLAGE OF SUN, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2017**

An underpayment of payroll tax and late submission of payroll tax forms could result in penalties and interest. Also, the Village of Sun has an offer in compromise in effect with the IRS for past due payroll taxes. The offer requires that the Village of Sun remain in compliance with the payment and submission of their current payroll tax obligations, otherwise the offer becomes null and void.

Effect

Recommendation

Due to the continuous inadequate performance of payroll functions, the payroll of the Village should be outsourced.

Management's Response and Corrective Action Plan

We are improving the accuracy and completeness of payroll functions and have no funds to outsource this function.

Status

RESOLVED

2017-6

Noncompliance with R.S. 33:463- Late Submission of Review Report

Observation

Under state law, R.S. 33:463, the audit report should be transmitted to the Louisiana Legislative Auditor within six months after the close of the entity's fiscal year.

Criteria

The Village of Sun's review report was submitted 47 days past the due date of December 31, 2017.

Condition

Due to high employee turnover, lack of documentation, and incomplete accounting records, an unusual amount of time was needed to gather information to conduct the review.

Effect

The Village of Sun's late submission of the report resulted in noncompliance with state law.

Recommendation

Policies and procedures and competent accounting staff should be implemented and hired to ensure that important documents are maintained and accounting transactions are complete to enable the timely preparation and submission of the report.

Management's Response and Corrective Action Plan

New staff has been hired and important documents and accounting transactions are being maintained and recorded.

Status

RESOLVED

2017-7

Noncompliance with R.S. 39:1212- Daily Deposits

Observation

Pursuant to state law R.S. 39:1212, funds should be deposited whenever practicable.

Criteria

Upon scanning deposit slips and bank records, there was an excessive time lag between the time payments were received and deposits were made.

Condition

There are no policies and procedures in place for the receipt of payments and bank deposits.

Effect

Payments could be lost, cash flow could be impaired, and funds could be misappropriated if not deposited within a reasonable period of time.

Recommendation

Make deposits more frequently, as practicable.

Management's Response and Corrective Action Plan

Deposits are made once a week. Daily deposits are not practicable for the Village of Sun due to the small size of the municipality.

Status

RESOLVED

ROBERT A. NEILSON

CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT ON APPLYING AGREED-UPON PROCEDURES FOR COMPLIANCE WITH LAWS AND REGULATIONS

Honorable Richard Kivett, Mayor
And Members of the Board of Aldermen
Village of Sun, Louisiana

I have performed the procedures enumerated below, which were agreed to by the management of the Village of Sun, and the Legislative Auditor, State of Louisiana solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended June 30, 2018 included in the accompanying Louisiana Attestation Questionnaire. Management of the Village of Sun is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

My procedures and findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, and public works exceeding \$152,550. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.
 - *There was nothing purchased during the fiscal period that required public bids.*

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).
 - *The Village provided this information.*
3. Obtain a list of all employees paid during the fiscal year.
 - *The Village provided this information.*
4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.
 - *None of the employees in Procedure 3 are included on the list from Procedure 2.*
5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.
 - *There were no payments made to any parties noted above.*

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.
 - *The Village provided a copy of the original budget.*
7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.
 - *The adoption of the original budget could be traced to the board meeting minutes.*
8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.
 - *Revenues were over and expenses were under the original budget amounts. Since these results were favorable, no amendments were required by law.*

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and: (a) report whether the six disbursements agree to the amount and payee in the supporting documentation, (b) report whether the six disbursements are coded to the correct fund and general ledger account, and (c) report whether the six disbursements were approved in accordance with management's policies and procedures.
 - *One of six random disbursements could not be traced to the supporting documentation and another one of six random disbursements were not approved. Four of the six disbursements were not recorded to the appropriate general ledger accounts.*

Management's Response: We have implemented new and more efficient policies and procedures that will allow for more accurate documents and transactions.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.
 - *The Village of Sun is required by law to post a notice of each meeting and the accompanying agenda on the door of the Town Hall. Management has asserted that such documents were properly posted.*

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.
 - *No deposits were related to the proceeds of bank loans, bonds, or indebtedness.*

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.
 - *A reading of the minutes of the Village of Sun and inspection of payroll records indicated no approval of such payments nor any payments made of these types to employees.*

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

- *For the fiscal year ending, June 30, 2018, the Village of Sun was in compliance with this law.*

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513.

- *The Village did not enter into any contracts as referenced above.*

Prior-Year Comments

15. Obtain and report management's representation as to whether any prior-year suggestions, recommendations, and/or comments have been resolved.

- *My review report dated December 26, 2018 contains a schedule of prior year findings (pages 34-36) that indicates the status of each of the findings.*

I was not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.



Robert A. Neilson, CPA
Bogalusa, Louisiana
December 26, 2018

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana governmental agencies. Upon completion, the questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting. Independently elected government officials should sign the document, in lieu of such a resolution.

The completed attestation questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the independent certified public accountant at the beginning of the engagement.** The CPA will, during the course of his/her engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to my office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his/her engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

_____ (Date Transmitted)

_____ (CPA Firm Name)

_____ (CPA Firm Address)

_____ (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of _____ (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.
Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes No

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes No

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes No

The previous responses have been made to the best of our belief and knowledge.

Mark W Hall	CLERK Secretary	8/14/2018	Date
Connie C. Water	CLERK Treasurer	8/14/18	Date
Richard T. Furr (MAYOR)	MAYOR President	8-14-18	Date